

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

9 6 — 0 1 8

2. STATE:

MICHIGAN

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

October 1, 1996

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

Section 13621 of OBRA 1993

7. FEDERAL BUDGET IMPACT: (145,000) \$

a. FFY 97 \$ (\$16.695M)

b. FFY \$

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, pp. 6b and 13.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Attachment 4.19-A, pp. 6b and 13.

10. SUBJECT OF AMENDMENT:

Special for Per Diem Rate and DRG Price Updates.

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ OTHER, AS SPECIFIED:

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

James Hayeman

13. TYPED NAME:

CEO

14. TITLE:

16. RETURN TO:

Michigan Dept. of Community Health
P.O. Box 30479
Lansing MI 48909

15. DATE SUBMITTED:

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

12-18-96

18. DATE APPROVED:

6/6/01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

10-1-96

20. SIGNATURE OF REGIONAL OFFICIAL:

Cheryl A. Harris

21. TYPED NAME:

Cheryl A. Harris

22. TITLE: Associate Regional Administrator

Division of Medicaid and Children's Health

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State: MICHIGAN

METHODS OF PAYMENT OF REASONABLE COSTS -
INPATIENT HOSPITAL SERVICES

Data for current wage adjustors are taken from hospital cost reporting periods ending between October 1, 1994 and September 30, 1995. Factors from the following table will be used to neutralize for inflationary differences. The Adjustors represent the employee cost component of the Data Resources, Inc. PPS - Type Hospital Market Basket Index (first Quarter of 1996).

FYE	Wage Data Inflation
12/31/94	1.019
03/31/95	1.012
06/30/95	1.006
09/30/95	1.000

For hospitals with cost reporting periods ending other than the end of a quarter, the inflation update for the quarter in which the fiscal year ends will be used.

- Remove indirect medical education charges by dividing an adjustor for indirect education of :

$$(((1 + \frac{\text{Interns \& Residents}}{\text{Beds}})^{0.5795} - 1) \times 0.715)$$

RECEIVED

MAY 14 2001

DMCH - MI/MN/WI

TN No. 96-18
Supersedes
TN No. 93-35

Approval _____

Effective Date 10/01/96

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Michigan

METHODS FOR PAYMENT OF REASONABLE COSTS -
INPATIENT HOSPITAL SERVICES

C. Inflation

10/01/96

The inflation factors used to bring DRG prices from the base period (hospital fiscal years ending between October 1, 1991, and September 30, 1992) to FYE 1997. Inflation will be computed using the first quarter 1996 Data Resources, Inc. PPS-Type Hospital Market Basket index. Current rates from that index are as follows. For hospitals with cost reporting periods ending other than the end of a quarter, the inflation update for the closest FYE quarter will be used.

FYE	to FYE 92	to FYE 93	to FYE 94	to FYE 95	to FYE 96	to FYE 97
12/31/91	1.025	1.030	1.025	1.030	1.027	1.027
3/31/92	1.018	1.030	1.025	1.030	1.027	1.027
6/30/92	1.011	1.030	1.025	1.030	1.027	1.027
9/30/92	1.000	1.030	1.025	1.030	1.027	1.027

The inflation factors used to bring per diem rates from the base period (hospital fiscal years ending between October 1, 1992, and September 30, 1993) to FYE 1997 are as follows: Inflation will be computed using the first quarter 1996 Data Resources, Inc. PPS-Type Hospital Market Basket index. Current rates from that index are as follows. For hospitals with cost reporting periods ending other than the end of a quarter, the inflation update for the closest FYE will be used.

FYE	to FYE 93	to FYE 94	to FYE 95	to FYE 96	to FYE 97
12/31/92	1.021	1.025	1.030	1.027	1.027
3/31/93	1.013	1.025	1.030	1.027	1.027
6/30/93	1.006	1.025	1.030	1.027	1.027
9/30/93	1.000	1.025	1.030	1.027	1.027

TN No. 96-18
Supersedes
TN No. 95-20

Approval _____

Effective Date 10-01-96